Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Implementation of Section 304 of the Telecommunications Act of 1996	)	CS Docket No. 97-80
	)	
	)	
Commercial Availability of Navigation Devices	)	
	)	

STATUS REPORT

Pursuant to the Commission's Report and Order[1] ("R&O") in the above-captioned proceeding, the eight undersigned multiple system operators ("MSOs") and the National Cable Television Association ("NCTA") hereby submit the first semiannual progress report called for in the R&O.

Summary

The Commission ordered the filing of semiannual status reports to assure itself that the cable industry was making steady progress in meeting the schedule submitted by Cable Television Laboratories, Inc. ("CableLabs") for the development of specifications for a digital security module and for a digital security module interface as well as to apprise it of other efforts to foster the availability of navigation devices as required by the R&O.

We are pleased to report herein that the CableLabs' OpenCable™ project has not only met the milestones in its proposed schedule for the development of specifications for

[1] In the Matter of Implementation of Section 304 of the Telecommunications Act of 1996, Commercial Availability of Navigation Devices, Report and Order, CS Docket No. 97-80 (rel. June 24, 1998)

a digital security module and a digital security module interface, but it is ahead of schedule. We also report that, even at this early date, orders for over 200,000 digital security modules have been placed by cable companies. Finally, we note that, while work is ongoing to develop a means to separate analog security from non-security functions, to date no feasible, effective solution to the analog separation problem has been found. For this reason, we urge prompt action on the pending NCTA Petition for Expedited Reconsideration in this proceeding which, if granted, would appreciably narrow the parameters of the analog separation issue.

Background

On June 24, 1998 the Commission released its Report and Order in this proceeding implementing Section 304 of the Telecommunications Act of 1996. Section 304 calls upon the Commission to adopt rules to ensure the commercial availability of navigation devices, while not jeopardizing the signal security of an affected multichannel video programming provider ("MVPD"). As part of that R&O, the Commission determined that one means of implementing these twin goals was to separate security (i.e., conditional access) functions from non-security functions and to require that only the non-security functions be made commercially available in equipment provided by entities unaffiliated with the MVPD. The security functions would reside in a separate security module to be obtained from the MVPD.

In its decision, the Commission referenced the ongoing effort of CableLabs, a research and development consortium of cable television system operators representing both North and South America, to develop specifications for both a digital security module and a digital security module interface. That OpenCable ™ effort is focused on

cable's digital set-top boxes. Once such specifications are developed and the interface is adopted as an industry standard, manufacturers can produce digital navigation devices (such as digital cable set-top boxes) with the standardized digital security module interface and make such equipment available at retail. Cable operators would then supply a compatible digital security module to the customer.

In the course of the navigation devices proceeding, the Commission requested from the cable industry a schedule of milestones by which the FCC could monitor CableLabs' progress in meeting the OpenCable™ forecast of September, 2000 for having digital security modules available for cable operators. The schedule submitted to the Commission included milestones for the development of specifications for the digital security module and the digital security module interface. It also included a post-specification time-line for development and production of the digital security module.

The Commission adopted a more aggressive schedule than had CableLabs and ordered that digital security modules be available to cable operators by July (not September) 2000. Nevertheless, in the R&O, it also included (without change) the industry-provided schedule of interim milestones.[2]

To "assure itself that the schedule was being met," the Commission ordered that eight multiple system operators involved in the OpenCable™ project, whose statements concerning their commitments to that project were included in the record of the proceeding, file semiannual progress reports with the Commission.[3] The Commission established filing dates of January 7, 1999, July 7, 1999, January 7, 2000, and July 7,

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2 Id. at para. 77.

3 Id. at paras. 81, 139.

2000, for the MSOs to detail "the progress of their efforts and the efforts of CableLabs to assure the commercial availability to consumers [of navigation devices]."[4] This is the first of those reports.

Specifications for the Digital Security Module and Its Interface

We are pleased to report that CableLabs' OpenCable™ project has not only met the schedule it submitted, but is ahead of schedule with respect to the development of specifications for the digital security module and for the digital security module interface.

As for the development of specifications for the digital security module (or Point-of-Deployment" ["POD"] module), the schedule called for the completion of a specification by December 1998 and that has been accomplished.

With respect to the development of specifications for the digital security module interface, the schedule called for a recommended specification to have been made publicly available and released to the Society of Cable Television Engineers ("SCTE") for adoption as a US standard by December, 1998. That too has been accomplished. In fact, the digital security module interface specification not only was submitted to SCTE by year-end, 1998, but it has now been approved by SCTE as a US cable standard.[5]

Moreover, in December, 1998, CableLabs contracted with SCM Microsystems to develop a test tool that will allow consumer electronics manufacturers to develop and test the interface to the digital security module. This will help ensure that the interface specified by CableLabs is developed correctly and in a timely manner.

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[4] Id.

[5] In addition, in recognition of the concerns expressed by the Motion Picture Association of America and others, an encryption scheme has been adopted by cable industry representatives to provide protection of digital content across the interface between the module and the host device. This specification will be submitted to the SCTE standards committee for approval as a cable television industry standard.

The Commission also required the eight MSO's listed in the R&O to report on their efforts, as well as those of CableLabs, to assure the commercial availability of navigation devices. In addition to continuing to unreservedly support the OpenCable™ project, each of those companies (or their successor companies) remain committed to placing purchase orders for digital security modules to ensure that such modules are available from these companies to meet consumer demand and thereby foster the commercial availability of digital set-top boxes. To date, orders for over 200,000 digital separate security modules have been placed.

Analog Separation Specifications

In addition to requiring the separation of security from non-security functions in digital navigation devices, the Commission, over the objection of the cable industry and others, ordered that the separation requirement also be applied to analog set-top boxes or hybrid boxes with both analog and digital descrambling functions. The deadline by which time cable operators had to have available security modules to descramble analog programming in either analog-only or hybrid boxes was also set at July, 2000. Because the OpenCable™ project had not addressed the separation of analog security functions or perhaps because of the practical, technical and legal complications associated with achieving such a result, no interim milestones were included in the R&O regarding the development of specifications for a security module to unscramble analog programming.

As the Commission was aware when it adopted the R&O, the OpenCable™ effort had been focused on the digital set-top, consistent with the Commission goal to foster migration from analog to digital services. To date no feasible, effective solution to the analog separation problem has been found although work is ongoing to address that issue.

Pending before the Commission is a Petition for Expedited Reconsideration filed by NCTA seeking an exclusion from the rule requiring security modules capable of unscrambling analog programming. The exclusion to the availability requirement would apply only in the case of subscribers who have analog-only devices or hybrid boxes where scrambled analog programming is also available on a digital tier. Digital security modules would still be required for subscribers with hybrid boxes. While CableLabs continues to search for solutions to the analog separation problem, prompt action on the NCTA petition would appreciably narrow the parameters of the solution required by the Commission and would enable CableLabs to better focus its efforts with respect to the analog separation issue.

We will report on the progress of the industry's efforts on these and other issues in the next semiannual report.

Respectfully submitted,

TCI COMMUNICATIONS, INC.

By:

TIME WARNER CABLE

By:_____

JONES INTERCABLE

By:_____

MEDIAONE GROUP

By:_____

MARCUS CABLE

By:_____

ADVANCE/NEWHOUSE COMMUNICATIONS

By:_____

COX COMMUNICATIONS

By:_____

COMCAST CORPORATION

By:_____

NATIONAL CABLE TELEVISION ASSOCIATION

By:

January 7, 1999

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JONES INTERCABLE

By:_____

MEDIAONE GROUP

By:_____

MARCUS CABLE

By: Thomas R. Robert

ADVANCE/NEWHOUSE COMMUNICATIONS

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COX COMMUNICATIONS

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MARCUS CABLE

By:_____

ADVANCE/NEWHOUSE COMMUNICATIONS

By:_____

COX COMMUNICATIONS

By: Alex Best

COMCAST CORPORATION

By:_____

NATIONAL CABLE TELEVISION ASSOCIATION

By:_____

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By:_____

JAMES A. CHIDDIX

JONES INTERCABLE

By:_____

MEDIAONE GROUP

By:_____

MARCUS CABLE

By:_____

ADVANCE/NEWHOUSE COMMUNICATIONS

By:_____

JAMES A. CHIDDIX

COX COMMUNICATIONS

By:_____

COMCAST CORPORATION

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TCI COMMUNICATIONS, INC.

By:_____

TIME WARNER CABLE

By:_____

JONES INTERCABLE

By:_____

MEDIAONE GROUP

By: Bud Wonsiewicz
Sr. V.P. & Chief Techny. Officer

MARCUS CABLE

By:_____

ADVANCE/NEWHOUSE COMMUNICATIONS

By:_____

COX COMMUNICATIONS

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COMCAST ~~CORPORATION~~ CABLE COMMUNICATIONS

By:_____

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